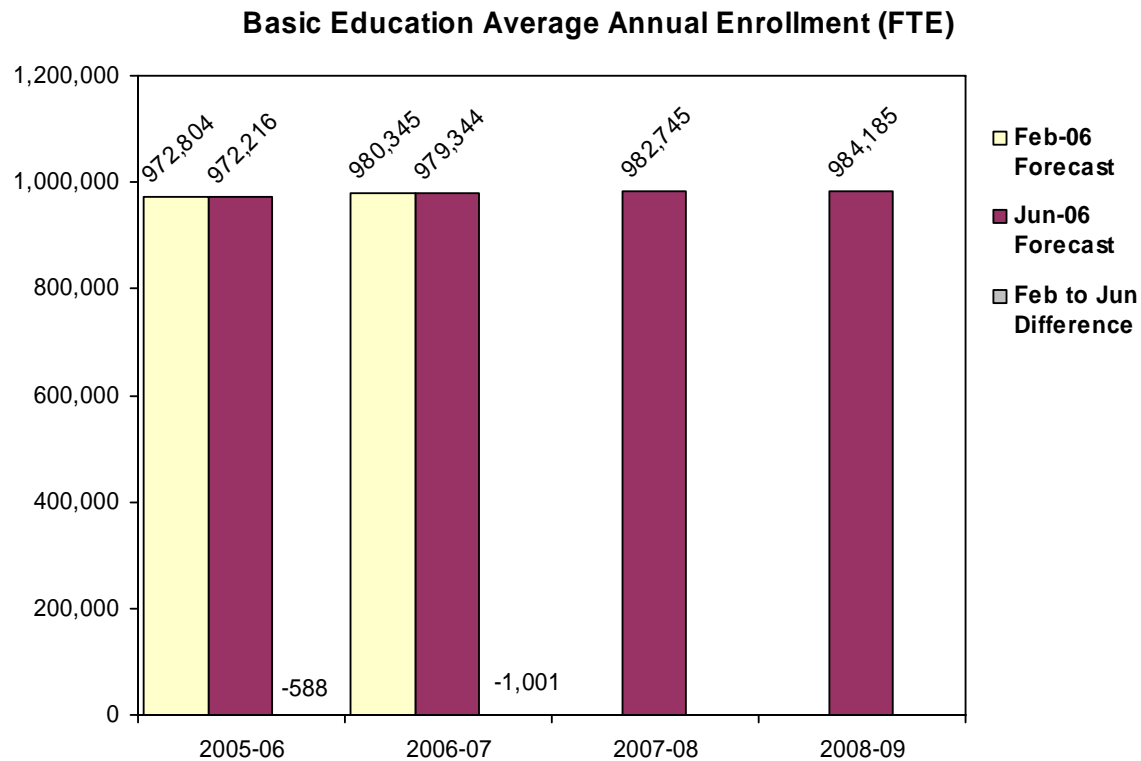


K-12 Basic Education

Caseload Forecast Council
June 7, 2006



Forecast Comparisons (School Year Averages)

School Year	Feb-06 Forecast	Jun-06 Forecast	Feb to Jun Difference	Percent Difference
2005-06	972,804	972,216	-588	-0.1%
2006-07	980,345	979,344	-1,001	-0.1%
2007-08		982,745		
2008-09		984,185		

The K-12 Basic Education forecast is composed of K-12 Basic Education and Running Start enrollments, as well as enrollment generated by the UW Transition Program, summer school, and private and home-schooled students receiving ancillary services from public schools.

- K-12 Basic Education enrollment is forecast in terms of average annual Full Time Equivalents (FTEs) where one student taking a full load of classes generates one FTE. Students taking less than a full day of classes (e.g., half-time kindergarten, high school students) generate less than a full FTE.
- Running Start enrollment includes the FTEs of high school juniors and seniors taking community college classes through the Running Start program. K-12 Basic Education includes Running Start students taking only classes in community colleges as well as those taking both community college and high school classes.

Tracking the Current Forecast

	Feb-06			Percent
	Forecast*	Actual*	Variance	Variance
Sep-05	961,080	961,080	0	0.0%
Oct-05	980,143	980,143	0	0.0%
Nov-05	978,041	978,107	66	0.0%
Dec-05	974,890	975,059	169	0.0%
Jan-06	972,416	972,393	-23	0.0%
Feb-06	971,500	971,143	-357	0.0%
Mar-06	969,911	969,157	-754	-0.1%
Apr-06	967,494	966,189	-1,306	-0.1%
May-06	965,221	963,927	-1,294	-0.1%

*K12 and Running Start

- The June forecast reflects actual enrollments through May 2006. Forecast assumptions on migration and private school crossover were updated from the February 2006 forecast based on the February 2006 ERFC employment forecast.
- K-12 enrollment normally declines over the course of the school year from a high point in October. Enrollment in the second half of the 2005-06 school year declined more rapidly than had been forecast based on 2004-05 attrition, resulting in an increasing negative forecast variance.
- The June 2006 forecast incorporates greater second half attrition in the forecast of the 2006-07, 2007-08 and 2008-09 school years using a model based on the average of 2004-05 and 2005-06.

K-12 Average Annual FTE Caseload Change

School Year*	Caseload Change	Percent Change		Caseload
2001-2002	5,514	0.6%	Actual	955,888
2002-2003	2,435	0.3%		958,323
2003-2004	3,388	0.4%		961,711
2004-2005	4,026	0.4%		965,737
2005-2006	5,970	0.6%	Forecast	971,708
2006-2007	7,128	0.7%		978,835
2007-2008	3,401	0.3%		982,237
2008-2009	1,440	0.1%		983,677

* Change from prior year

K-12 average annual FTE caseload is forecast to continue growing by an average of 6,549 FTEs (0.7 percent) per year over the 2005-07 Biennium. This rate of growth is higher than that experienced during the 2003-05 Biennium and reflects higher than average net migration into the state as well as the addition of new students as a result of growth at the Ft. Lewis army base.

K-12 growth is expected to slow in the 2007-09 Biennium, primarily as a result of the entry into the system of two relatively small birth cohorts (2001 and 2002). Birth cohorts increased annually from 1995 to 2000, helping to drive a robust increase in K-12 enrollment from 2000 to 2005. Births declined in 2001 and 2002. The 2002 cohort will enter first grade in the fall of 2007 and the 2002 cohort will follow in 2008, slowing the recent growth in K-12. Birth cohorts have been increasing since 2002, so the slow down in growth should be temporary as more recent cohorts begin to enter the first grade starting in 2009.

Risks to the Forecast

The most substantial risk to the forecast involves the impact of net migration and crossover between public and private schools. The June forecast assumes continued relatively high net gain from migration and crossover. Migration tends to be driven by economics, and the current Washington economy should draw migration into the state over the course of the forecast.

However, the current forecasted net migration/crossover assumes that private school enrollment will increase as the economy continues to be strong, absorbing some of the migration into the state. Private schools increased enrollment in 2005 by over 3,000 students. The estimated net growth in the public schools was about 5,800. There is a risk that if the economy remains strong and continues to drive migration into the state and private schools reach a point where it is difficult for them to absorb additional students, public school growth may exceed the forecast.

On the other hand, much of the net growth from migration comes from families moving to Washington from outside the country. There is also a risk that a tightening of immigration (both legal and illegal) could reduce net migration into the state and further slow K-12 enrollment below forecasted levels. The lower than expected bilingual program growth in 2002-03 and 2005-06 may well represent the impact of actual or perceived tightening of immigration controls.